



CITY OF CONCORD

NEW HAMPSHIRE

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Revised 3/25/09

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

February 25, 2009

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, Todd Haywood, Dan St. Hilaire, and Nadine Salley

Absent: Janet Sprague

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

Guest: Mike Reed, Director of Real Estate, CATCH

1. Minutes of November 19, 2008 meeting

Dan St. Hilaire made a motion to accept the minutes as written; seconded by Elizabeth Blanchard; motion passed unanimously.

2. Community Development Block Grants

Friedman Court II: Matt Walsh informed CDAC this project is completed and the final draw down should be submitted within the next thirty days. There will be a little money left over, approximately \$1,000, that won't be used from the Administration activity. Joia Hughes noted the grant's completion date is June 30, 2009 so there is still time to complete the draw down request. She also noted that the new building at Friedman Court is occupied.

3. CATCH Homes in Downtown CDBG Sub-Recipient Agreement and Release/Modification of 20 Year Affordable Requirement

Matt Walsh had provided CDAC with a report explaining that in 2005 the city was awarded a CDBG grant for the North End Neighborhood Revitalization Project and incorporated in that grant was an experimental program for CATCH entitled "Homes in Downtown". This program provided CATCH with \$144,000 to allow them the opportunity to create 8 affordable owner occupied homes within the city's downtown neighborhood. The homes were to be sold to low or moderate income first time home buyers.

To date four of the eight units have been sold but there is concern about selling the rest of the units due to the slow economy. To further complicate matters, there is a balloon payment coming due within the next 12+/- months for private financing secured for the project. CATCH is looking for an exit strategy for the project. As such, CATCH is requesting that the CDAC either restructure the current affordability requirements for this project, as mandated by the CDBG funds secured by the City for the project, or release CATCH from the affordability requirement altogether. Mr. Reed and Mr. Walsh explained that other entities with affordability requirements for the project (i.e. the NH CDFA) have verbally agreed to follow whatever course of action the CDAC believes most appropriate for this situation.

Mike Reed, Director of Real Estate for CATCH, was present at today's meeting and at this time spoke to the Committee. Mr. Reed provided a brief summary of the "Homes in Downtown" program. He explained this was a pilot program for CATCH as most of their properties are rentals and this was for home ownership. The basic program committed CATCH to have some mechanism in place for continued affordability. This commitment was needed by all of their funding sources. A deeded equity restriction was put on the properties in order to match future income with future sales prices so they would be affordable. The intent of the program was to keep future sales prices affordable for the 80% median income person. Unfortunately, the current economic recession and rapidly depreciating real estate market has negatively affected the viability of the project.

Mr. Reed explained that when these houses were sold, they were sold at below market prices. In-turn, the buyers agreed to a deed restriction which serves to limit how much equity they might be able to accrue in the future. The amount of equity which an owner may accrue is established by a complicated formula. The deed restriction serves to help ensure that the units will be resold at an affordable price so the low/moderate income individual could purchase them.

There are several issues with the project. The first is that the affordability / equity restriction formula was designed to always assume appreciation in the real estate market and has become onerous in the cases of short-sales. Secondly, the requirement is putting property owners at a disadvantage when attempting to sell as the market is currently flooded with condominium units which would not limit a buyer's profits at time of future resale. Thirdly, Mr. Reed reported that the equity restriction can be wiped out by a bank during a foreclosure due to certain provisions contained within the language of the restriction.

Beyond these issues, Mr. Reed explained that CATCH is facing a balloon payment on \$450,000 of private financing which will be due in approximately 1-1/2 years. He explained that the current interest rate of 2% on this debt has enabled CATCH to rent some of its unsold units at affordable rates. However, because this \$450,000 will have to be refinanced at a higher rate, it is unlikely that CATCH will be able to continue to rent these units at affordable rates due to higher carrying costs.

CDAC asked several questions about this program, where some of the properties are located, and what is involved with this deed restriction. CDAC also inquired as to

whether the current owners could rent their property but Mr. Reed said they could not per their agreement with CATCH. Relief of the restriction that CDBG put on the properties by all funding sources is needed.

Significant discussion continued on this item involving whether people would get any financial gain if the restriction was removed from already sold properties but Mr. Reed noted it would be highly unlikely that any of the current owners would see windfall from lifting this restriction in the foreseeable future due to the poor real estate market.

It was also asked if in lifting the restriction could CATCH/CDAC be selective but Mr. Reed felt this is a decision that needs to be made by the funding sources and CATCH would need to change the formula they currently use.

Matt Walsh informed CDAC that he and Mr. Reed had met with the Community Development Finance Authority (CDFA) about this issue. He explained that if the city felt it to be appropriate to release this restriction, then the CDFA would follow this lead. He reviewed the options outlined in his report. He noted CDAC could wait the year and a half on the remaining unsold four units and lift the restriction on the others. CATCH would need to come back in a year and a half to ask for restriction relief then on the other units.

Mr. Reed noted there is no money involved in lifting this restriction just the long term affordability requirement will be affected.

Dan St. Hilaire moved to remove the equity restriction requirement for all units which were part of the CATCH "Homes in Downtown" Program; seconded by Michael Gfroerer; Nadine Salley abstained from voting as her husband is a CATCH employee; the motion passed unanimously.

4. 190 Manchester Street resident - possible weatherization emergency grant

Matt Walsh circulated some photographs of a mobile home located at 190 Manchester Street, unit #29 (the Alosa's mobile home park). He explained that the unit's roof is collapsing along with ceilings. Mr. Walsh explained that the owner of the unit is disabled and has a yearly income of approximately \$8,000. Mr. Walsh also noted that the windows do not close tight and the furnace has been operating inconsistently.

He reported that the owner had obtained one estimate to install a peaked metal roof and repair the ceilings for a cost of approximately \$6,200 and is awaiting a second quote. She had not obtained any quotes for the windows or the furnace. The Community Action Program had placed some lexan over the windows on the inside of her home.

Mr. Walsh informed CDAC that the occupant would be willing to relocate from the unit. However, the City has been unable to find a suitable residence locally, as all subsidized housing providers have either a 2+ year waiting list or will not take the

individual due to credit issues. Mr. Walsh did report that the City welfare office had found housing in Franklin. However, the owner is reluctant to relocate that far from Concord due to her frequent need to be local because of medical appointments. Also, because of medications, the occupant is frequently unable to operate a vehicle, thus, getting to Concord from Franklin would be that much more burdensome.

Mr. Walsh noted the mobile home is a 1967 model; assessed at \$11,000. The occupant is currently two years behind in taxes and owes the city approximately \$500. Mr. Walsh stated that it is highly likely that the home would be condemned under the current circumstances.

CDAC discussed the home's age and whether it would be worthwhile to invest significant funds into roof repairs. The committee briefly explored the notion of providing the occupant with funds to acquire a newer mobile home. Joia Hughes informed CDAC that Federal funds cannot be used to purchase mobile homes older than 1976. A brief discussion ensued about the difficulty of securing private financing from traditional lenders.

CDAC inquired if the home could support a new wooden truss/metal roof. Mr. Walsh stated that he was uncertain, but suggested this could possibly be verified by the City's Code Division or a private professional structural engineer.

Discussions ensued about other potential parties which might be able to assist with the situation. Nadine Salley noted that the NH Community Loan Fund only works with co-op mobile home parks and this park is not a cooperative. Joia Hughes noted that the NH Housing Finance Authority could only provide temporary assistance in the event the occupant is declared verifiably homeless.

The options were: (1) do nothing; (2) fix the roof/ceilings; or (3) relocate the occupant. With respect to relocation, Joia Hughes noted CDAC could do a zero percent loan for the purchase of a newer home and set the payment at \$10/month - the term would be long but the city would still have the equity in the new home. \$18,000 is the most we could give her, however, as that is what is allowed per unit for housing through CDBG. The cost to remove the old home would still have to be covered by the owner and it was not sure that there would even be room to put a newer home on the same lot in that park.

Mr. Walsh noted there was no obligation on CDAC's part to do anything regarding this situation. However, he noted that the situation was brought to his attention and that it was apparent there were no other entities positioned to help the individual. The CDAC inquired about the individual's family and Mr. Walsh noted that she has family in Loudon and Franklin but family tensions and issues do not keep them close so that is not an option for her. Mr. Walsh noted that the individual has lived in the park for 14 years.

Discussion then turned to the CDAC's emergency grant fund. Bev Rafferty reported that there is currently a balance of approximately \$9,575 available with an additional \$9,520 still to be appropriated by City Council. Given the current

economic recession and rising unemployment, Allen Bennett made a motion authorizing staff to prepare the necessary documents for City Council to appropriate the remaining \$9,520. The motion was seconded by Todd Haywood and passed unanimously on a voice vote.

Mark Coen expressed reservations about providing funds to repair the roof which would be equal to roughly half the value of the building. Liz Blanchard asked whether the mobile home would be habitable even if the work were completed given the other issues (windows and furnace).

Joia Hughes reviewed some apartment listings and the prices ranged from \$500/month and up. Staff reiterated that the occupant's monthly income is approximately \$700, thus, she does not make enough income to afford an apartment as well as other monthly expenditures.

It was noted that if funding was provided for the roof/ceiling repairs, a Grant Agreement would be executed placing a lien on the property so should it be sold, the city might get back some of its money.

Michael Gfroerer expressed reservations about providing the individual with funds from the City to purchase a new home as this would set a significant precedent for the Revolving Loan Program. Rather, he thought repairing the roof would be more appropriate as it would avoid the precedent issue as well as help keep the occupant in her home. Mr. Walsh stated that the roof could probably be repaired within the next 30 days, weather permitting.

Michael Gfroerer made a motion to spend \$7,000 for the roof/ceilings repair contingent upon verification from Code Administration that the unit would be deemed habitable once this work is completed and verification that the mobile home would be able to support the weight of the new roof; motion seconded by Allen Bennett; motion passed unanimously.

5. Program Income Reuse Plan

Due to the time, this item will be discussed at the March 2009 CDAC meeting.

Also, due to the time, no other agenda items were discussed at today's meeting.

6. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:15 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant